United Nations A/AC.109/2014/11

General Assembly

Distr.: General
24 February 2014

Original: English

Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples

United States Virgin Islands

Working paper prepared by the Secretariat

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Note: The information contained in the present working paper has been derived from public sources, including those of the territorial Government, and from information transmitted to the Secretary-General by the administering Power under Article 73 *e* of the Charter of the United Nations. Information was transmitted by the administering Power on 8 January 2014. Further details are contained in previous working papers, available from www.un.org/en/decolonization/workingpapers.shtml.

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The Territory at a glance

Territory: The United States Virgin Islands is a Non-Self-Governing Territory under the Charter of the United Nations. As an unincorporated, organized territory of the United States of America, it is administered by the Office of Insular Affairs of the United States Department of the Interior.

Geography: The Territory is located in the eastern part of the Caribbean Sea, 1,075 miles south-east of the south-eastern tip of the United States and 60 miles east of Puerto Rico. It is made up of four main islands: St. Croix, St. John, St. Thomas and Water Island. The capital, Charlotte Amalie, is located on St. Thomas.

Land area: 352 km².

Exclusive economic zone: 33,744 km².[a]

Population: 107,343 (2011 data).

Languages: English or English Creole (74.70 per cent); Spanish or Spanish Creole (16.78 per cent); French or French Creole (6.57 per cent); and other (1.95 per cent).

Capital: Charlotte Amalie.

Head of territorial Government: Governor John Percy de Jongh.

Territory's delegate to the United States Congress: Congresswoman Donna M. Christensen, re-elected in 2012.

Main political parties: Democratic Party; Independent Citizens' Movement; Republican Party.

Elections: Most recent legislative elections held in November 2012; next elections to be held on 4 November 2014 (Governor).

National legislature: Unicameral (15 senators).

Gross domestic product (GDP) per capita: $35,844 (2012, chained (2005) dollars).

Economy: Tourism is the primary economic activity, accounting for 80 per cent of GDP and employment. The manufacturing sector consists of petroleum refining, rum distilling, textiles, electronics, pharmaceuticals and watch assembly.

Monetary unit: United States dollar.

Unemployment rate: 11.7 per cent (December 2012 estimate).

Brief history: The islands were a Danish Territory from 1754 to 1917 (Danish West Indies). On 31 March 1917, the Government of Denmark transferred ownership to the United States. The United States Virgin Islands have since been an organized, unincorporated Territory of the United States.

[a] Exclusive economic zone data from the "Sea Around Us" project, a collaboration between the University of British Columbia and the Pew Environment Group (see www.seaaroundus.org).

I. Constitutional, political and legal issues

1. The United States Virgin Islands is an organized, unincorporated Territory of the United States. Under the Organic Act of the Virgin Islands (1936), its revision in 1954 and subsequent amendments to the Revised Organic Act of 1954, the Territory has a legislature, also known as the Senate, which is a unicameral body comprising 15 senators elected for a two-year term by popular vote. Executive power is vested in the Governor, who since 1970 has been elected by popular vote for a four-year term on the same ticket as the Lieutenant Governor. The Governor is limited to two consecutive terms. With the advice and consent of the Legislature, the Governor appoints the heads of the executive departments and has the power to approve or veto legislation and issue executive orders.

2. In the gubernatorial election of November 2010, John Percy de Jongh of the Democratic Party was re-elected Governor and Gregory Francis was re-elected Lieutenant Governor. Their terms of office will expire in November 2014, when the next elections are due to be held. The Territory elects a delegate to the United States House of Representatives, who is able to vote in committees. The Democratic Party candidate, Donna M. Christensen, won the election held in 2012 and was re-elected to a ninth two-year term as the delegate of the United States Virgin Islands to the United States Congress. The Territory's senatorial election was held on 6 November 2012. Craig W. Barshinger remains Senator-at-large in the thirtieth Legislature of the United States Virgin Islands.

3. The Territory's judicial system has a district court, a superior court and a supreme court, the last-mentioned becoming operational in January 2007. The Supreme Court is the appellate court that hears appeals decided by the Superior Court. Its establishment eliminates federal judicial involvement in purely local legal matters. In December 2012, the President of the United States, Barack Obama, signed House of Representatives Bill No. 6116 authorizing direct review by the United States Supreme Court of decisions made by the United States Virgin Islands Supreme Court. The legislation was sponsored by the Territory's congressional delegate.

4. Since the Organic Act of the Virgin Islands was revised by the Government of the United States in 1954, there have been four attempts to replace it with a local constitution approved by the people of the Territory, which would organize the internal mechanisms of government. Although the United States Congress authorized the adoption of a local constitution in 1976 under United States Public Law 94-584, none of the four attempts made were successful.

5. As previously reported, on 26 May 2009 the Fifth Constitutional Convention adopted a proposed constitution of the United States Virgin Islands by a two-thirds vote. The text was submitted to the Governor on 31 May 2009. In a preamble and 19 articles, the 27-page text includes provisions on a bill of rights; principles, branches and subdivisions of government; Virgin Islanders; elections; education; youth; taxation, finance and commerce; economic development; public health, safety and welfare; culture; environmental protection; referendums and recalls; and the creation of a political status advisory commission. Further details can be found in previous working papers.

6. On 26 February 2010, the President of the United States submitted the proposed constitution to Congress, endorsing the conclusions reached by the

Department of Justice that several features of the proposed text warranted analysis and comment, including: (a) the absence of express recognition of United States sovereignty and the supremacy of federal law; (b) provisions for a special election on the territorial status of the United States Virgin Islands; (c) provisions conferring legal advantages on certain groups defined by place and timing of birth, timing of residency or ancestry; (d) residence requirements for certain offices; (e) provisions guaranteeing legislative representation of certain geographic areas; (f) provisions addressing territorial waters and marine resources; (g) imprecise language in certain provisions of the proposed constitution's bill of rights; (h) the possible need to repeal certain federal laws if the proposed constitution were adopted; and (i) the effect of congressional action or inaction on the proposed constitution.

7. According to a statement made in June 2010 by the President of the Fifth Constitutional Convention before the Special Political and Decolonization Committee (Fourth Committee), in March 2010 a delegation of the Convention, led by him, had held consultations with United States congressional officials. The officials had expressed a major objection to the provision in the proposed constitution regarding the ownership by the people of the Territory of their marine resources. Another objection had related to any meaningful reference to the native population and the provision of certain benefits. As a result, the United States Congress had asked the Convention to reconvene in order to consider the administering Power's objections to the proposed constitution.

8. The President of the Convention stressed that there was no provision in the proposed constitution to alter the status of the Territory and that it would not serve as the basis for removing the United States Virgin Islands from the United Nations list of Non-Self-Governing Territories. The proposed constitution contained a relevant provision that would, upon adoption of the text, create a mechanism to examine future options with regard to political status.

9. On 11 September 2012, the Governor signed Act No. 7386 establishing and convening a body called the Fifth Revision Convention, formed by the 30 delegates elected to the Fifth Constitutional Convention along with five attorneys. The Fifth Revision Convention was convened on 1 October and mandated to ratify and approve, no later than 31 October, by a two-thirds majority vote of all the delegates, the final revised draft constitution consistent with the nine issues identified by the Government of the United States (see para. 6 above). The Act established that, if the Fifth Revision Convention agreed upon a proposed revised draft constitution by the deadline, the President of that body should have it submitted to the Governor and to the President of the United States. In case of non-adoption of the text, both the Fifth Constitutional Convention and the Fifth Revision Convention would be dissolved and the Legislature of the United States Virgin Islands would have full authority to address the Territory's constitution.

10. At the time of writing, however, the outcome of the Fifth Revision Convention continued to remain unclear and surrounded by controversy. In January 2013, in his State of the Territory address, the Governor expressed the hope that the Territory would find "the means and courage that will lead us from the Organic Act to a Virgin Islands constitution".

II. Budget

11. On 14 June 2013, the Governor proposed to the Legislature the fiscal year 2014 executive budget for the Government of the United States Virgin Islands, totalling $743.8 million. In his State of the Territory address for 2014, the Governor stated that the Territory would face a shortfall of $70 million by the end of the fiscal year, half of which reflected the decision by the United States Department of the Interior not to advance cover-over funds based on the full rate of $13.25.

12. The Government of the United States continued to provide funding for the Territory's budget, including through the American Recovery and Reinvestment Act. As at 30 October 2013, grants awarded amounted to $650,697,130, of which $497,912,895 had been received.

III. Economic conditions

A. General

13. According to the Office of Management and Budget, the Territory has been confronted with high unemployment and a decline in tourism that began in 2012 and continued into 2013. It is anticipated that any growth of the local economy in 2014 will be highly dependent on economic growth in the United States. The combination of the closure of the Hovensa oil refinery and the limited growth in cruise ship passenger arrivals is having a devastating financial, fiscal and economic impact on the Territory. With negotiations in progress for an agreement to sell the refinery and a projected increase in cruise ship calls in 2014, however, economic conditions should improve.

14. On 12 August 2013, the United States Bureau of Economic Analysis released GDP estimates for the United States Virgin Islands for 2011 and 2012, in addition to estimates of GDP and compensation by industry for 2011. The estimates were developed under the Statistical Improvement Programme funded by the Office of Insular Affairs of the United States Department of the Interior. The estimates of GDP for the United States Virgin Islands showed that real GDP (GDP adjusted to remove price changes) had decreased by 13.2 per cent in 2012, following a fall of 6.6 per cent in 2011. In contrast, real GDP for the United States (excluding the Territories) had increased by 2.8 per cent in 2012, after rising by 1.8 per cent in 2011. The decline in the local economy in 2011 and 2012 reflected decreases in exports of goods and spending by the territorial Government.

15. With regard to low spending by the territorial Government, government construction activity decreased in 2011 and 2012, with activity in 2012 dropping more steeply than in 2011. Compensation of government employees also fell in both years, reflecting declines in government employment. The government sector, which includes the territorial and federal Governments, also contributed to the decline in GDP, which largely reflected a decrease in government compensation.

16. The estimates of compensation by industry, measured in current dollars, show trends in compensation for major industries. Total compensation decreased significantly in 2011; the largest contributor was territorial government compensation. The Virgin Islands Economic Stability Act, signed in July 2011, reduced government

salaries by 8 per cent for two years. Compensation of employees in goods-producing industries also decreased significantly, reflecting the decline of the petroleum-refining industry and a drop in construction activity.

B. Tourism

17. According to the Office of Management and Budget, following the closure of the Hovensa refinery (see A/AC.109/2012/8, para. 20), tourism is now the main driver of economic growth in the Territory. More than 2.5 million tourists visit annually, whether by cruise ship or by air. Cruise ship passenger arrivals for 2012, however, declined by 5.2 per cent, with cruise ship calls posting a decline of 4.4 per cent as the industry adjusted to the *Costa Concordia* incident of January 2012. In 2013, the cruise ship industry experienced operational difficulties with the potential to reduce the number of anticipated arrivals. Following efforts by the Department of Tourism and the increase in the number of air carriers serving the Territory, the number of visitors arriving by air grew by 8.6 per cent in 2012, after a decline of 1.8 per cent in 2011. The income from that increase bolstered the overall tourism economy, but did not offset the tremendous loss in total economic output resulting from the closure of the Hovensa refinery.

C. Manufacturing and construction

18. According to the United States Bureau of Economic Analysis, which, as indicated above, released GDP estimates for the United States Virgin Islands in August 2013, the decrease in exports of goods, in particular the sharp drop in 2012, reflected the decline of the petroleum-refining industry that for many years had dominated the economy. The Hovensa refinery, one of the world's largest, ceased operations on St. Croix early in 2012. If the imports, exports and inventory investment of the petroleum-refining industry were not taken into account, GDP would have increased by 2.6 per cent in 2012, primarily reflecting growth in rum exports. The estimates of GDP by industry show that the goods-producing industries were the primary source of the decrease in real GDP in 2011. The decline in those industries reflected the decline in the petroleum-refining industry and the construction sector.

19. According to information from the United States Virgin Islands Bureau of Economic Research, a large percentage of manufacturing shipments come from rum production. The rum produced is primarily exported to the United States and sold to local and regional bottlers for sale under a variety of private label and regional brand names. According to estimates from the Office of Management and Budget, the Territory received $146 million in excise taxes in 2013.

D. Trade, transportation and utilities

20. The United States Virgin Islands has approximately 1,250 km of roadways and some 65,000 registered vehicles. The Territory also enjoys one of the best natural deep-water harbours in the Caribbean and is strategically located along the Anegada Passage, a key route for ships bound for the Panama Canal. The Territory has five major docking facilities, which can accommodate cruise ships and some naval

vessels. Three of the docks are on St. Croix, namely South Shore, Gallows Bay and Frederiksted. The other two are on St. Thomas, namely the facilities operated in Crown Bay by the Virgin Islands Port Authority, a semi-autonomous government agency, and the Islands-owned West Indian Company.

21. The Virgin Islands Water and Power Authority is an autonomous governmental entity of the territorial Government that produces and distributes electricity and potable water to some 54,000 electrical and 12,000 potable water customers. The Territory is implementing a plan to reduce its dependence on fossil fuels by 60 per cent over the next 15 years. The Virgin Islands Water and Power Authority is engaged in the Puerto Rico and United States Virgin Islands High Voltage Interconnection Project, interconnecting the two electrical power systems.

22. Owing to limited freshwater supplies, salt water is used extensively for non-domestic purposes, including fighting fires and treating sewage. A desalination plant on St. Thomas produces some 4.5 million gallons of water per day. Wells, in particular on St. Croix, supply the remainder of the fresh water necessary. Owing to the high cost of water, average daily consumption is about 50 gallons per person per day, about one third of the United States average.

23. In terms of communications, the Territory has approximately 59,000 telephones, 8,700 Internet hosts (a computer connected directly to the Internet) and a number of radio and television broadcasting stations.

E. Agriculture and fisheries

24. Historically, sugar cane and, to a lesser extent, cotton were the main sources of revenue for the Territory's economy. Currently, the agricultural sector is very small and comprises mainly fruit and vegetable cultivation and cattle-raising.

25. The Territory's Department of Agriculture has continued its farmer-focused programmes and services and worked to complete and develop new projects. It received funding from the Agricultural Marketing Service of the United States Department of Agriculture to implement the Farmers' Market Nutrition Programme for the first time in the Territory. The Bordeaux Farmers' Market and new irrigation facilities opened officially in February 2013. Other projects include the Young Agricultural Professionals Training Programme, the Virgin Fresh Marketing Campaign and the second phase of the Farmers' Market.

IV. Social conditions

A. Labour

26. According to the Office of Management and Budget, the closure of the Hovensa refinery continued to have a devastating impact on the local economy, with the unemployment rate for the Territory as a whole recently reaching 13.7 per cent and that for the island of St. Croix reaching 17.8 per cent in January 2013. According to data from the Territory's Bureau of Economic Research, civilian employment fell by 7.9 per cent between January 2012 and November 2013, for a net loss of 3,567 jobs. According to the document on the executive budget for the fiscal year 2014, the current unemployment situation has the potential to deteriorate

because federal funding is being reduced or eliminated as a result of the federal sequestration and local funding is being reduced as a result of territorial fiscal consolidation. While construction, manufacturing and government positions continue to decline, information technology, professional and financial services positions are being created. As more positions relating to information technology are being filled in Territory, the completion of the Virgin Islands Next Generation Network project will enhance the information technology industry, supported by both the public and private sectors, along with the University of the Virgin Islands Research Technology Park and other technology-based initiatives.

B. Education

27. Education in the United States Virgin Islands is compulsory and free for all children between 5 and 16 years of age. The Territory's Department of Education comprises a state education agency and two local education agencies for the St. Thomas/St. John District and the St. Croix District. The St. Thomas/St. John District has 2 high schools, 3 middle schools and 10 elementary schools. The St. Croix District has 10 elementary schools, 3 middle schools and 2 high schools. The University of the Virgin Islands has campuses on St. Thomas and St. Croix and has a combined full-time and part-time student body of 2,513 students.

C. Public health

28. The Territory's Department of Health maintains facilities on St. Thomas, St. John and St. Croix. It also maintains a long-term care facility on St. Thomas. Outreach efforts include educational, preventive and treatment services using clinics and subdivisions for maternal and child health, family planning, environmental health, sexually transmitted infections, HIV and tuberculosis, mental health and substance abuse. The Department administers 33 activity centres and 16 federal programmes under the auspices of the Office of the Commissioner and the divisions dealing with fiscal affairs, support services, public health services and health promotion and statistics.

29. Priorities and indicators for the maternal, child and adolescent health population were identified following a needs assessment conducted by the Territory's Department of Health for the 2010-2015 cycle. The transfer of Medicaid to the Department of Human Services was finalized in the fiscal year 2013, with the emergency medical services scheduled to be transferred to the Department of Fire Services in 2014.

30. The United States Virgin Islands Health Information Exchange Strategic and Operational Plan, issued in January 2011 by the Territory's Department of Health, describes the path that the Territory intends to follow to develop the capabilities of the Exchange to enable the meaningful use of electronic health records among providers and health-care providers. The Plan states, among other things, that, because of historical low federal funding for health care in the United States Virgin Islands owing to its Territorial status, the Territory's health information technology infrastructure is relatively underdeveloped.

D. Crime and crime prevention

31. In his State of the Territory address for 2014, the Governor noted that violence had persisted in some pockets of the community. The Government had maintained police staffing levels, broadened recruitment efforts and fully instituted the Peace Officer Standards and Training Council. Among the measures implemented to curb the violence, new equipment had been purchased and expanded use made of cameras and cutting-edge public safety technology.

V. Environmental protection and disaster preparedness

32. In the area of emergency preparedness, the Territory has continued to enhance its operations with the opening of the new headquarters of the Virgin Islands Territorial Emergency Management Agency. The consolidation of emergency call centre operations at two districts has enhanced organizational efficiency by improving responsiveness to residents at their most critical time of need. In June 2011, the Agency installed 10 all-hazards warning sirens across the United States Virgin Islands — 4 on St. Croix, 4 on St. Thomas and 2 on St. John — concentrating, in particular, on areas considered at high risk for tsunamis. In October 2012, the Agency announced the installation of a new siren warning system, replacing faulty repeaters located on St. Croix, St. Thomas and St. John. The system is designed to warn anyone within its range of an imminent threat or danger. Eleven additional sirens will be installed. The Office of the Governor announced in January 2014 that the project was nearing completion. A Territory-wide test of the system is expected to be conducted in 2014.

33. In February 2014, the United States Environmental Protection Agency published its annual report on the amount of toxic chemicals released in 2012 to the land, air and water by industrial facilities in the United States Virgin Islands. The report showed a decrease in emissions over the past year. Total reported emissions to land, air and water by the four facilities monitored decreased from about 1.8 million pounds in 2011 to about 0.3 million pounds in 2012. Much of the decrease was due to the shutdown of the Hovensa refinery.

VI. Relations with international organizations and partners

34. The United States Virgin Islands is an associate member of the Economic Commission for Latin America and the Caribbean. The Territory has observer status with the Association of Caribbean States and with the Alliance of Small Island States, which serves as a platform to promote action on environmental issues, including climate change. According to information provided by the administering Power, the United States Virgin Islands received acceptance as a territorial Government with observer status at the Organization of Eastern Caribbean States in the last quarter of 2009.

VII. Future status of the Territory

A. Position of the territorial Government

35. Developments regarding discussions on the future status of the United States Virgin Islands are reflected in section I above.

B. Position of the administering Power

36. In a letter dated 2 November 2006 addressed to the delegate of American Samoa to the United States House of Representatives, the Assistant Secretary of State for Legislative Affairs elaborated on the position of the Government of the United States. In his letter, the Assistant Secretary of State indicated that the status of the insular areas regarding their political relations with the federal Government was an internal United States issue, and not one that came under the purview of the Special Committee. He also noted that the Special Committee had no authority to alter in any way the relationship between the United States and those territories and no mandate to engage the United States in negotiations on their status. He further noted that, at the same time, in accordance with its obligations under the Charter of the United Nations to provide regularly to the United Nations statistical and other information of a technical nature relating to economic, social and educational conditions in the Non-Self-Governing Territories, the federal Government submitted annual updates on United States Territories to the Special Committee as a demonstration of United States cooperation as an administering Power and as a corrective to any errors in information that the Special Committee might have received from other sources.

C. Action taken by the General Assembly

37. On 11 December 2013, the General Assembly adopted, without a vote, resolutions 68/95 A and B, based on the report of the Special Committee (A/68/23) and the subsequent recommendation by the Fourth Committee. Section XI of resolution 68/95 B concerns the United States Virgin Islands. In the operative paragraphs of that section, the General Assembly:

> 1. *Welcomes* the proposal of a draft constitution emanating from the Territory in 2009, as a result of the work of the United States Virgin Islands Fifth Constitutional Convention, for review by the administering Power, and requests the administering Power to assist the territorial Government in achieving its political, economic and social goals, in particular the successful conclusion of the ongoing internal Constitutional Convention exercise;
>
> 2. *Requests* the administering Power to facilitate the process for approval of the proposed territorial constitution in the United States Congress and its implementation, once agreed upon in the Territory;
>
> 3. *Also requests* the administering Power to assist the Territory by facilitating its work concerning a public education programme, consistent with Article 73 *b* of the Charter, and in that regard calls upon the relevant United Nations organizations to provide assistance to the Territory, if requested;

4. *Expresses its concern* regarding the continuing negative impact of the Hovensa plant closure;

5. *Reiterates its call* for the inclusion of the Territory in regional programmes of the United Nations Development Programme, consistent with the participation of other Non-Self-Governing Territories;

6. *Welcomes* the active participation of the Territory in the work of the Economic Commission for Latin America and the Caribbean;

7. *Recalls* the holding, in 2012, of the meeting of the Inter-Virgin Islands Council between the Territory and the British Virgin Islands.